

Welcome to Congressman Paul Ryan's 2010 Listening Session

AMERICA'S DEBT CRISIS

THE NEED TO ACT NOW

June 2010

WHERE WE ARE NOW

Washington Spending & Debt are Out of Control

- ▣ Where are the Jobs?
 - 7.8 million jobs lost since recession began; 3.4 million jobs lost since “stimulus” passed; Unemployment rate at roughly 10%
- ▣ Washington will spend a record \$3.6 trillion this year
 - \$31,000 per household; 1 out of every 4 dollars made in America
- ▣ President signed into law \$1.8 trillion in new government spending and \$670 billion in new job-killing tax increases
- ▣ To fund this explosion in spending, the deficit has eclipsed \$1.5 trillion, and debt is soaring out of control

Where's the Budget?

- ▣ No Budget will be offered for the upcoming fiscal year
 - No attempt to prioritize tax dollars is an unprecedented failure
- ▣ Congress has opted instead to continue to spend money we don't have – and pile more debt on our kids and grandkids

“If you can't budget, you can't govern”

House Budget Committee Chairman John Spratt in 2006

A budget is “the most basic responsibility of governing”

House Majority Leader Steny Hoyer in 2006

Who Owns Our Debt?

Foreign Holdings: 5%



1970

Total Debt: \$283 billion

Foreign Holdings: 19%



1990

Total Debt: \$2.4 trillion

Foreign Holdings: 47%



2010

Total Debt: \$8.4 trillion

China: Our Largest Creditor



Chinese Sub Threatens the U.S. Navy

WHERE ARE WE HEADED?

Washington's Plan to Spend, Tax and Borrow: More Debt, Fewer Jobs

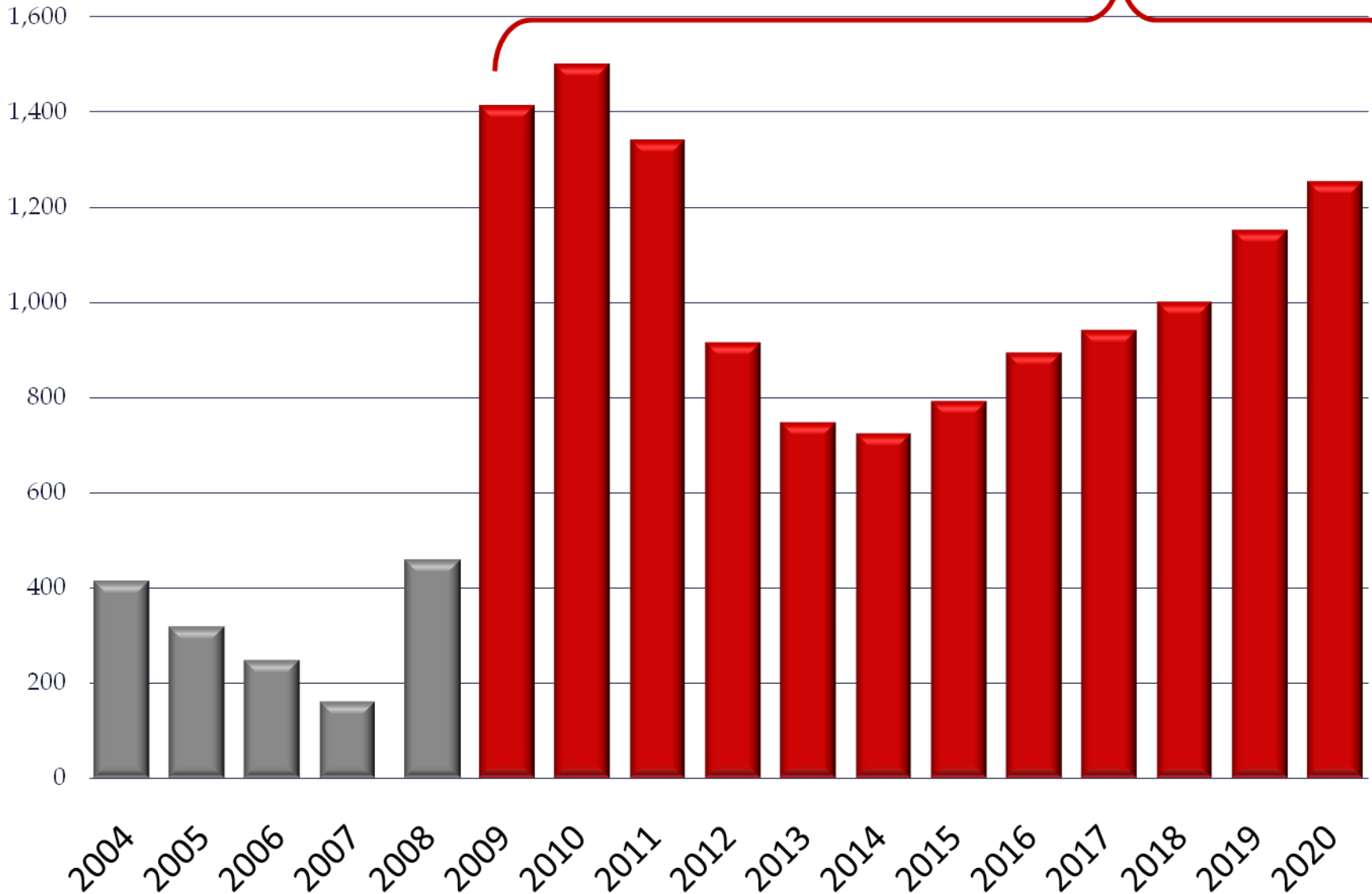
- ▣ The current Obama Budget increases taxes by \$1.8 trillion and spending by \$2.5 trillion over the next 10 years
- ▣ It doubles the debt in 5 years & triples it in 10 years
- ▣ President's Budget Director and Treasury Secretary have testified that the deficit and debt levels in the Administration's budget are not "sustainable"
- ▣ With each passing year, the spending problem gets worse, and the decisions available become more difficult

Deficits Under Obama Budgets

Deficit in Billions of Dollars

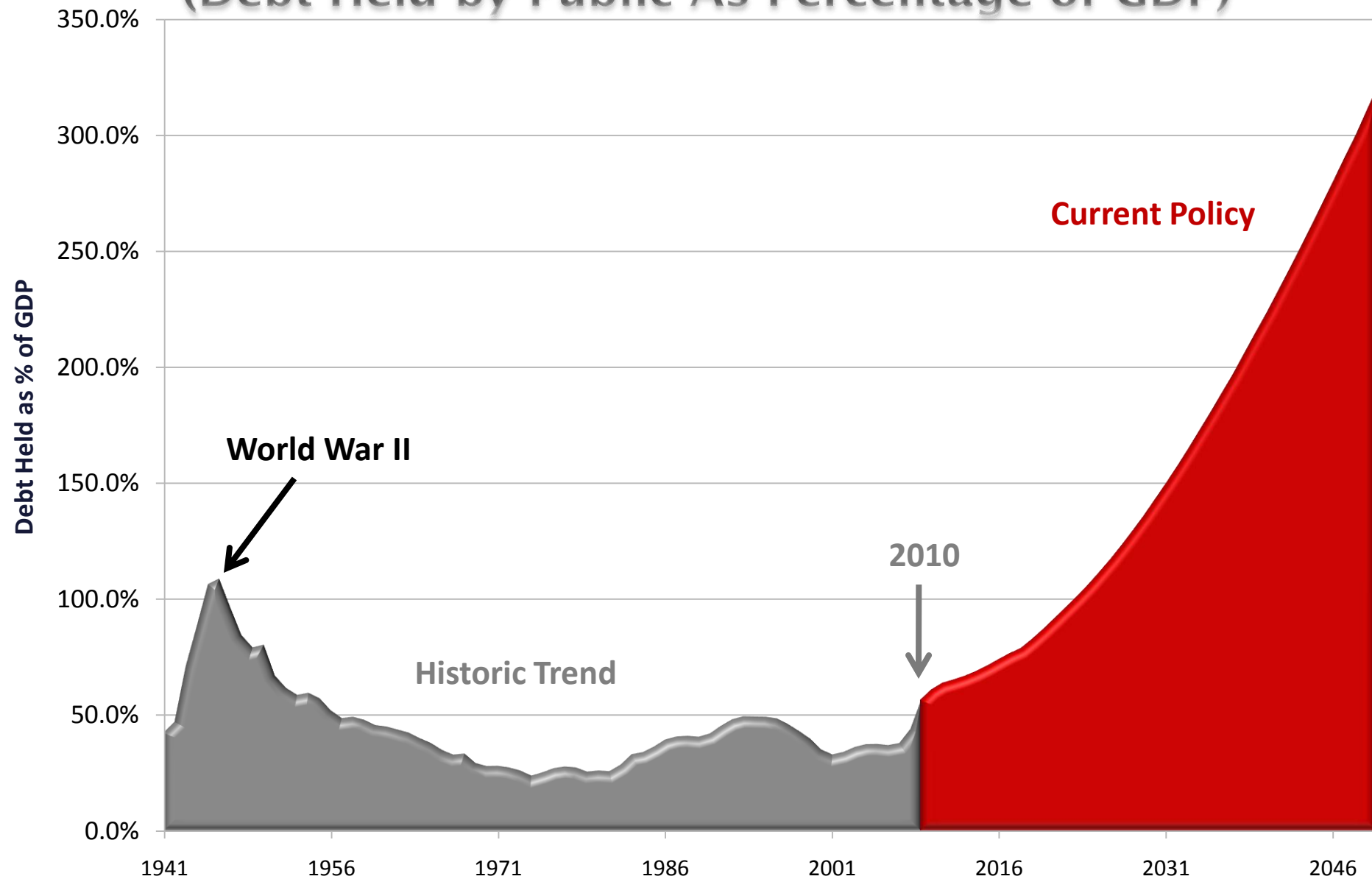
(1,000 Billion = 1 Trillion)

Obama Budgets

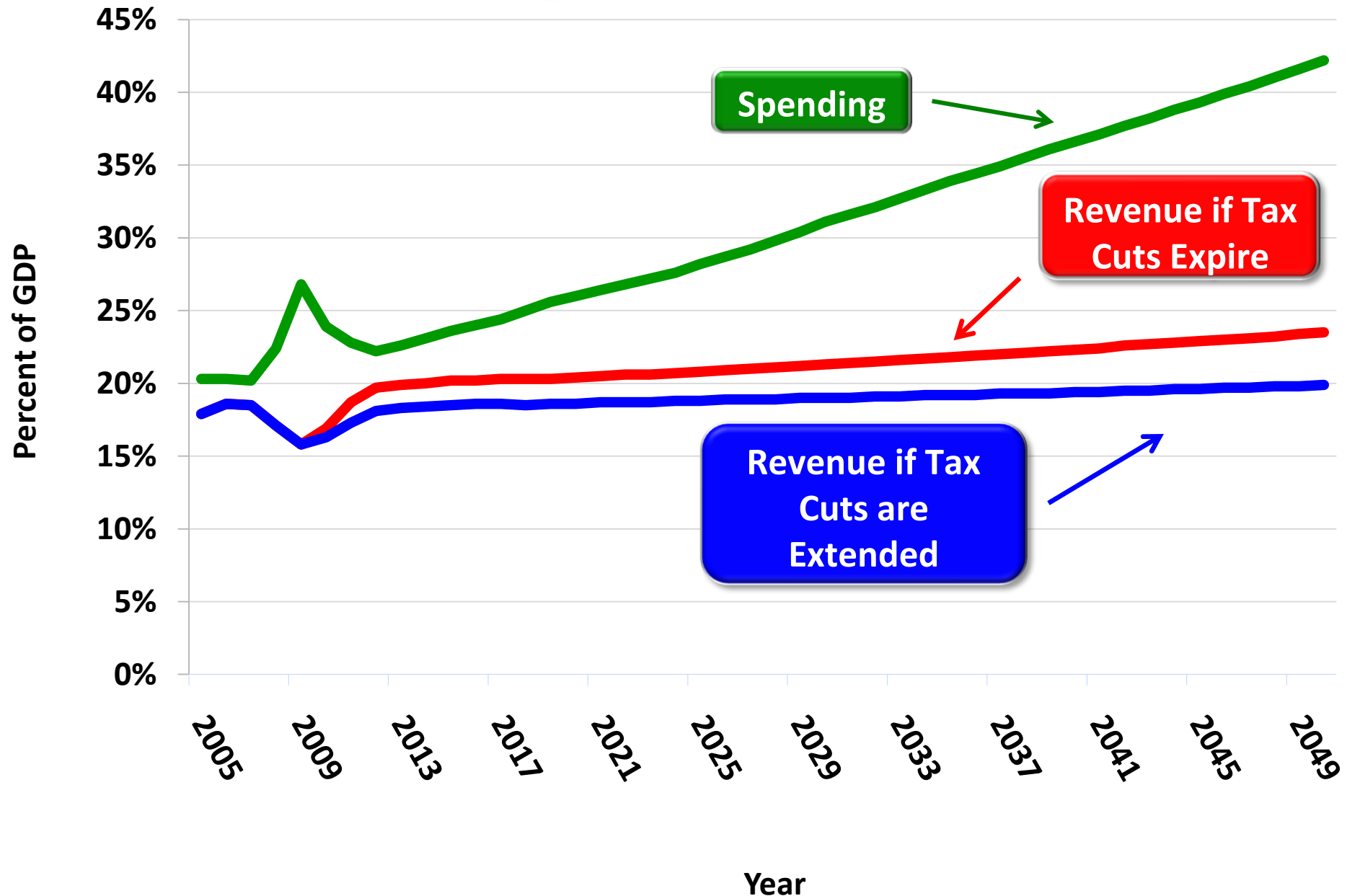


Tidal Wave of Debt

(Debt Held by Public As Percentage of GDP)



Spending is the Problem



HOW DOES THIS END?

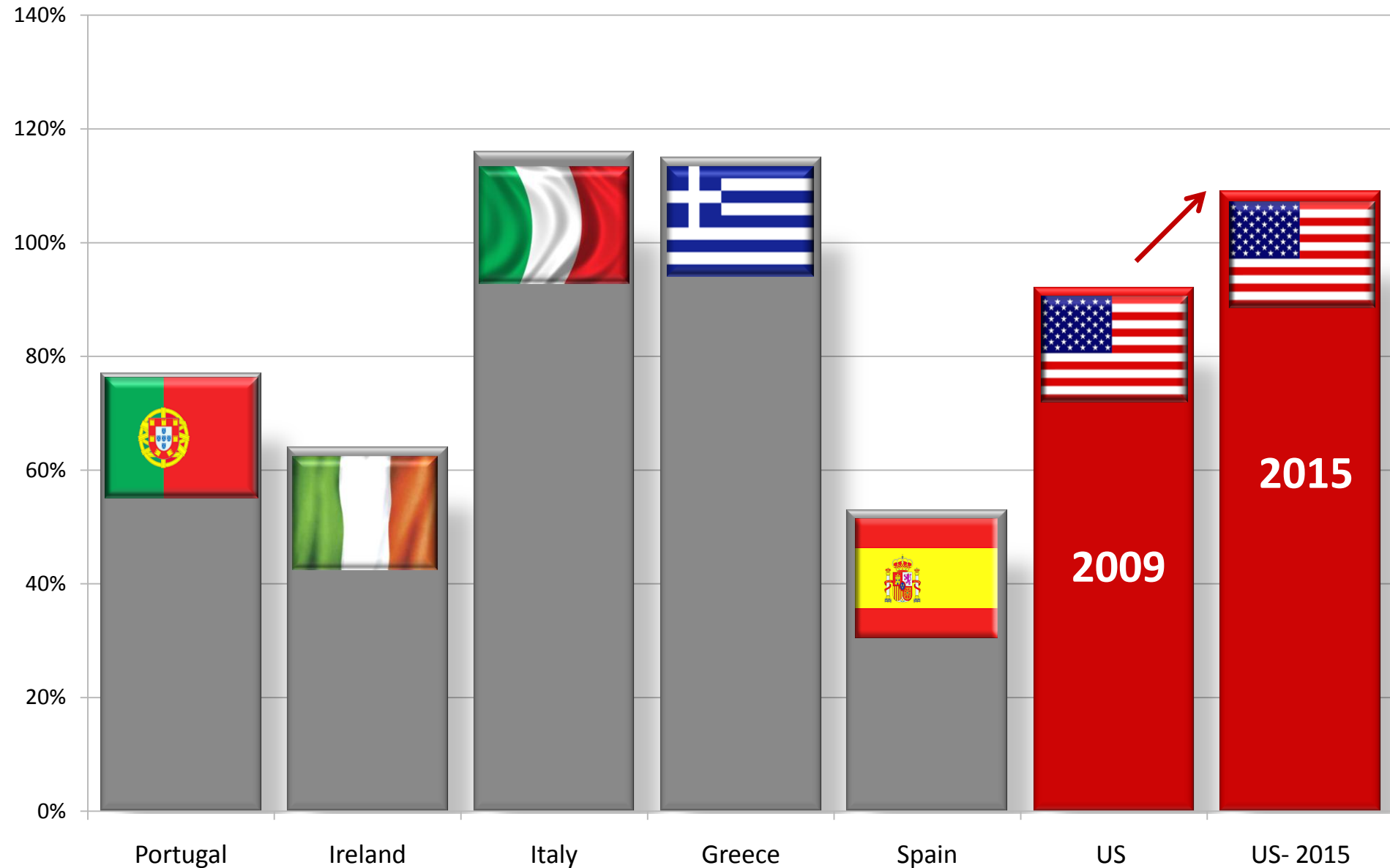
Europe & Greece: A Cautionary Tale

▣ Reckless government spending hit Europe with debt crisis

- Greek Tragedy: “Death spiral of the welfare state”
- Bailouts and “austerity” plans have resulted in chaos. Riots and violence have brought Greek economy to a halt
- Crushing burden of debt is a problem we cannot ignore



Could This Happen in the U.S.?



Source: Eurostat/International Monetary Fund (IMF)
Footnote: Shows Gross central government debt

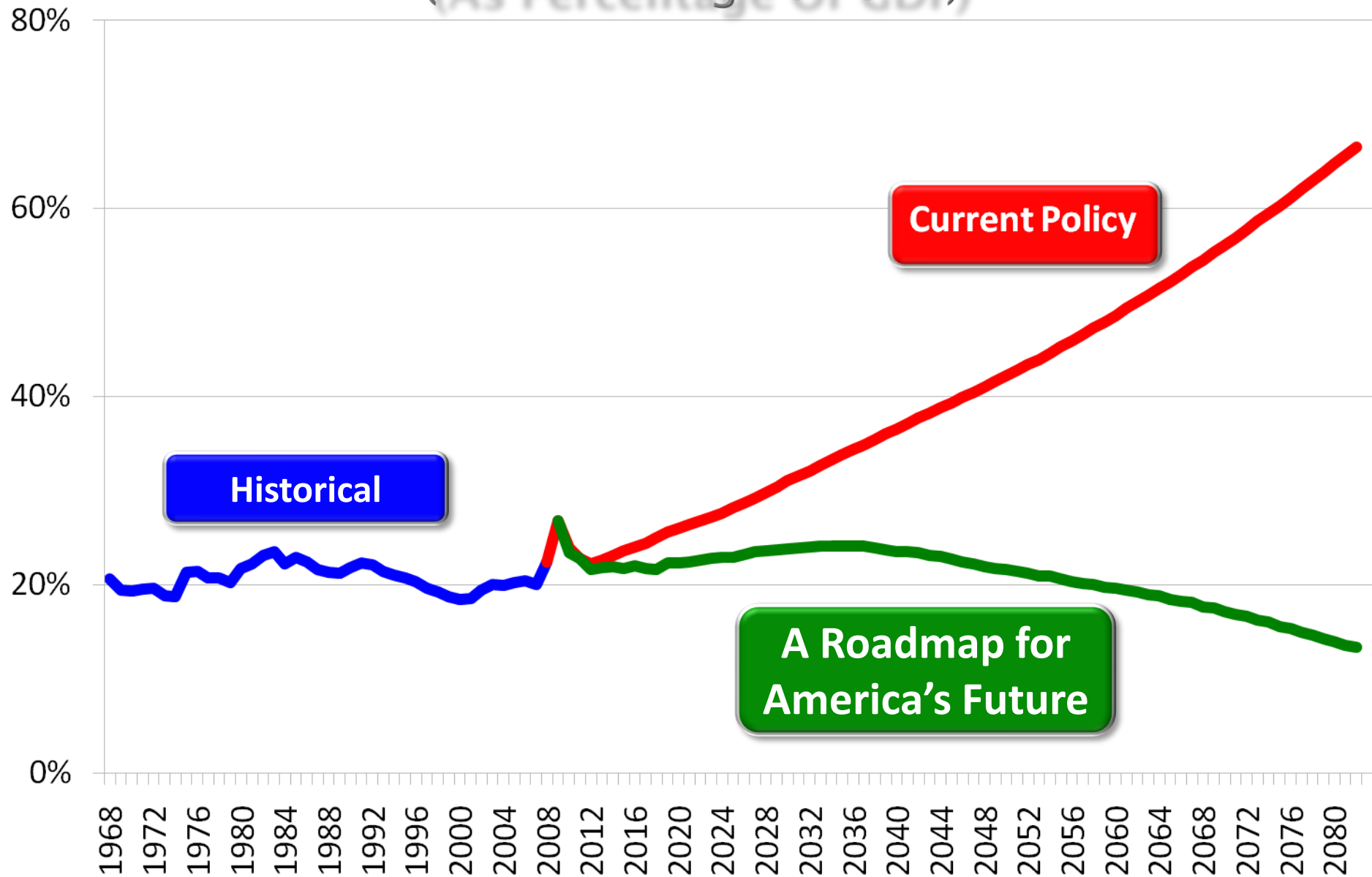
HOW DO WE AVOID THIS FATE?

The Need to Act Now

- ❑ Cut and control spending; lift the crushing burden of debt; and spur job creation and economic growth
- ❑ FY2010 Republican Budget Alternative cut \$4.8 trillion in spending, and set path to pay off debt without raising taxes
- ❑ Propose Solutions to Cut Spending NOW:
 - **End Crony Capitalism**: Cancel TARP Bailout; Reform Fannie & Freddie
 - **Need Jobs, Not More Debt**: Cancel Unspent “Stimulus”
 - **CUT AND CAP Spending**: Reduce to Pre-Obama Levels; Hard Caps
 - **Grow Economy, Not Government**: Federal Hiring and Pay Freeze
- ❑ Need to address entitlement crisis: protect those in and near retirement; reform and save programs for future generations

Federal Government Spending

(As Percentage Of GDP)



A Roadmap To *Prosperity* – Not Austerity (Economic Growth Per Capita)

